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LAURENCE E. GOLD
Of Counsel

March 24, 2008

By Hand Delivery

Federal Election Commission
Office of General Counsel
999 E Street, NW
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
2008 MAR 24 P 3:23

Re: Response of the Arca Foundation in MUR 5970

Dear Sir or Madam:

This letter is submitted in response to the complaint filed on January 30, 2008 by Lori Sherwood against the Arca Foundation ("Arca") and other parties. For the reasons set forth below, the complaint against Arca should be dismissed or, alternatively, the Commission should take no action with respect to the complaint.

Summary of Allegations Against Arca

The complaint alleges generally that the Donna Edwards for Congress Committee "received substantial assistance by way of unreported, in-kind contributions from organizations who profess to have operated independently of the Edwards Campaign." Ms. Edwards was a candidate in the February 12, 2008 primary for the Democratic nomination in the Fourth Congressional District of Maryland. She had previously sought the same nomination in 2006. The complaint was filed less than two weeks before the 2008 primary election by the campaign manager for Ms. Edwards' opponent in the 2008 election primary, Rep. Albert Wynn.

With respect to Arca, the complaint alleges that Ms. Edwards served as Executive Director of Arca and in this capacity "is responsible for administering and overseeing grants that are awarded and distributed by Arca." Complaint, ¶ 1 and Exhibit 1. The complaint then identifies certain grants made by Arca over the past several years to organizations which either endorsed Ms. Edwards in the 2006 and/or 2008 primaries or whose directors, employees or

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connected PACs made contributions to her campaign. Specifically,

- the complaint alleges that Arca contributed \$100,000 in grants to the League of Conservation Voters ("LCV") from 2004 to 2006, Complaint, ¶ 2(a), that Ms. Edwards was appointed to the Board of Directors of LCV, Complaint, ¶ 2(b), that LCV endorsed Ms. Edwards in 2006 and 2008, *id.*, and that "principals" of LCV contributed over \$15,000 to the Edwards Campaign, Complaint, ¶ 2(b) and App. 2.
- the complaint alleges that in 2006 Arca contributed \$35,000 in grants to Friends of the Earth, Complaint, ¶ 3, and that "[t]hereafter" Friends of the Earth endorsed Ms. Edwards in 2006 and contributed over \$5,000 to her "campaigns" through its board members, employees and its PAC. Complaint, ¶ 4 and App. 2.
- the complaint alleges that between 2002 and 2006, Arca made grants to 37 other organizations and that "persons aligned" with these groups made contributions totaling over \$75,000 to the Edwards campaigns. Complaint, ¶ 6 and Apps. 1-2.

Given the timing and source of the complaint, these allegations should be seen as what they are - a bald and unsupported attempt to influence the outcome of the primary election.¹ They do not establish reason to believe that Arca violated the Federal Election Campaign Act in any manner.

The Allegations In The Complaint Fail To Raise a Colorable Violation of FECA by Arca.

The fact that Arca made grants over a period of several years to the organizations identified in the complaint in no ways suggests that Arca made unlawful in-kind contributions to support Donna Edwards' campaigns for federal office in either 2006 or 2008. The complaint fails to allege a single fact showing that Arca funds were used to benefit either of the Edwards campaigns in any way. Instead, the complaint seems to be based on speculation that because Arca made grants to certain organizations over a five-year period and a few of those organizations allegedly supported Ms. Edwards' candidacy or individuals allegedly associated with those organizations made contributions to support her election, there must have been some link between this support and Arca's grants. Even on this far-fetched theory, the complaint provides no facts which, if proven true, would establish such a link, relying instead on conjecture that such a link might exist. Thus, paragraph 19 alleges that Ms. Edwards' position as Executive

¹ The complaint was filed with a great deal of fanfare by the Wynn Campaign, including a press conference designed to gain public attention for its unfounded allegations.

Director makes certain Arca grants "*potentially questionable*,"² and paragraph 20 states that "there is at least the *appearance* of coordination from groups who are supposedly independent." Speculation about the potential for coordination is not evidence that coordination actually occurred. See e.g. Statement of Reasons of Commissioners Mason, Sandstrom, Smith and Thomas in Matter Under Review 4960 (December 21, 2000) ("The Commission may find 'reason to believe' only if a complaint sets forth sufficient specific facts, which, if proven true, would constitute a violation of the FECA. ... Mere speculation ... will not be accepted as true."

Apart from the absence of facts supporting the complaint's speculation, Arca affirmatively and categorically denies that it had any role in soliciting, encouraging, or suggesting that contributions be made to either of the Edwards campaigns by its grantees, their directors and employees, or anyone else.³ As a private foundation that is exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code, Arca is prohibited from intervening in any election for public office, including federal elections. Not only would Arca jeopardize its federal tax exemption, the foundation and its managers, including Ms. Edwards, would be subject to onerous excise taxes if it or they took any steps to support the Edwards Campaign in any way. See 26 U.S.C. § 4945(d)(2).

In order to avoid violating its obligations under the Internal Revenue Code, Arca takes steps to ensure that its grantees do not engage in prohibited campaign intervention. For example, the foundation only makes grants to public charities that are themselves exempt under IRC §

² The difficulty of drawing inferences from the fact that individuals associated with a particular grantee may have made contributions to the Edwards campaigns is illustrated by the fact that five of the grantees (Center for Health, Environment and Justice, Blue Water Network, Public Citizen Foundation, New America Foundation and International Forum on Globalization) listed in complainant's Appendix 2 as "*potentially questionable*" received their last grants from Arca in 2002, four years before the first of Ms. Edwards' campaigns and six years before the election that precipitated this complaint. Another one of the listed grantees (Earth Day Network) received its last grant in 2003, and two others (The Nation Institute and the National Network to End Domestic Violence Fund) received their last grants in 2004. The Center for Digital Democracy received grants from Arca in 2002, 2003 and 2005, but has not received a grant since. Vital Voices similarly received grants in 2002, 2003 and 2005, but none since. See Complaint, App. 1.

³ Arca is prepared to offer sworn statements from its officers and directors to this effect, should it become necessary.

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501(c)(3) and, therefore, subject to the same prohibition on campaign intervention as Arca itself.⁴ For example, contrary to the information in the complaint, all of Arca's grants were made to the League of Conservation Voters Education Fund ("LCVEF"), a separately organized 501(c)(3) organization, and not to LCV itself. The LCVEF may not, and does not, have a federal PAC and does not engage in political campaign activities. Friends of the Earth, another grantee mentioned in the complaint, is also a 501(c)(3) organization and it, therefore, could not have endorsed Ms. Edwards in any election, as the complaint alleges. Furthermore, Arca's grant conditions, which must be accepted before a grant is received, forbid the grantee from engaging in any campaign intervention. Exhibit A.

Grants by Arca to the listed grantees were in every case made to carry out charitable and educational programs that had been reviewed and approved by Arca's board of directors. (Ms. Edwards is not a member of the Board and does not vote on grant proposals.) Tides Foundation and Tides Center, grantees mentioned in the complaint and listed in Appendix 2, for example, are 501(c)(3) organizations that serve as an incubator for numerous small organizations and projects throughout the country before the organizations are able to be established as independent entities. Arca has made more than a dozen grants over the years to these organizations including grants for the War Investigative Reporting Fund (2003), Peaceful Tomorrows (2004), CorpWatch (2006) and the Center for Independent Media (2007). In addition, many of the organizations identified in the complaint have been grantees for many years, including in some instances well before Ms. Edwards even joined the staff on January 3, 2000. LCVEF, for example, received its first grant from Arca in 1998. In June 2004, two years before Ms. Edwards' first campaign, Arca made a grant to LCVEF of \$50,000 to support Project Democracy, a program to provide training and ongoing support for student activists seeking hands-on experience in registering, educating and mobilizing new voters. LCVEF received a grant in June 2007 of \$50,000 to support *The Heat Is On*, a project to raise the visibility of global warming in connection with the presidential elections. Exhibit A. Blue Water Network, which was later merged into Friends of the Earth similarly received its first grant from Arca in 1999. In at least several instances, organizations that received funds from Arca or their affiliated entities are believed to have supported Ms. Edwards' opponent, Albert Wynn.⁵

⁴ The complaint alleges that "in her position as Executive Director of Arca, Ms. Edwards has the ability to direct and influence decision making within these political organizations," referring to 1190 SEIU PAC and Emily's List. Complaint, ¶ 18. Arca has never made a grant to either of these organizations, and the complaint fails to explain how Ms. Edwards' role as the Executive Director of a private foundation would be able to influence decision making within either of these completely independent entities.

⁵ These organizations are Planned Parenthood Federation of America, Citizens for Global Solutions Education Fund, and the Working for Good Jobs In America Fund, an affiliate

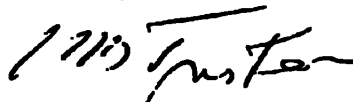
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The fact that individuals allegedly associated with grantees of an organization as directors or employees⁶ made contributions to the Edwards campaigns in no ways suggests that either the grantees or Arca had some role in these contributions. Such speculation is, again, not a substitute for evidence. Many of Arca's grantees are progressive organizations whose directors and employees hold progressive values and who could have independently wanted to support Ms. Edwards in her efforts to unseat an incumbent candidate whose views were increasingly supportive of corporate and other conservative interests. The fact that such individuals made independent contributions to her campaign does not support an inference that coordination may have taken place.

Finally, out of an abundance of caution and to avoid even an appearance of impropriety, Ms. Edwards took leave from her position as Executive Director of Arca during the most important periods connected to the 2006 and 2008 elections. In 2006, her leave began on June 8 and lasted through the primary election on September 15. In 2007, her leave began on August 31 and lasted through February 15, three days after the Maryland primary election. Exhibit B. During this period, Ms. Edwards continued to assist Arca on a limited basis although she did not participate in the site visits made to evaluate potential grantees.

In sum, not only does the complaint fail to allege any facts to support its allegation that Arca made prohibited in-kind contributions to the Edwards Campaign in 2006 or 2008, there is substantial evidence making clear that no such contributions could have occurred or did occur.

Sincerely,



Michael B. Trister

of the AFL-CIO.

⁶ Appendix 2 of the complaint lists numerous individuals whom the complaint asserts had some relationship with the listed organizations although it does not describe what those relationships were. Furthermore, many contributors are listed in connection with more than one grantee. In the absence of such evidence, the Commission cannot draw any inferences from the alleged relationships.

June 8, 2007

Gene Karpinski
League of Conservation Voters Education Fund
1920 L St, NW, Ste. 800
Washington, DC 20036

Dear Gene:

Congratulations! Enclosed is the Arca Foundation's check in the amount of \$50,000 for the League of Conservation Voters Education Fund. The purpose of the grant is to support *The Heat is On*, a project to raise the visibility of global warming as one of the most pressing issues facing national leaders.

To comply fully with the Internal Revenue Service requirements, please sign the agreement and return it to us within 15 business days along with a letter on your letterhead acknowledging your receipt of the check. Also, please note the deadline for your grant report, due no later than March 1, 2008.

We are pleased to support your work and look forward to following your progress in the year ahead.

Sincerely,


Smith Bagley
President


Donna F. Edwards
Executive Director

(A)

June 8, 2007

GRANT AGREEMENT

Enclosed is the Arca Foundation ("Arca") check for \$50,000 for the League of Conservation Voters Education Fund ("Grantee"). This constitutes a grant to support *The Heat is On*, a project to raise the visibility of global warming as one of the most pressing issues facing national leaders. This grant is made by Arca subject to the following terms and conditions:

(a) Grantee is an organization that is both exempt from tax under section 501(c)(3) of the Internal Revenue Code of the 1986 (IRC) and a publicly supported organization as described in IRC section 509(a)(1), (2), or (3), which statuses have been duly confirmed by one or more operative IRS ruling or determination letters, copies of which Grantee has filed with Arca.

(b) Grantee will utilize the grant proceeds only for charitable and educational activities consistent with its tax-exempt status described above. Without limiting the generality of the preceding sentence, grantee will not support or oppose any political party or candidate for public office or otherwise intervene in any election. Grantee further certifies that the amount of its expenditures budgeted for this project on non-lobbying activities exceeds the amount of this grant.

(c) Grantee will inform Arca immediately of any change in or IRS questioning of its tax-exempt status described above.

(d) Grantee will report in writing to Arca by March 1, 2008 as to the uses it has put the Arca grant and will provide promptly such additional information, reports and documents as Arca may request upon completion of the grant.

(e) This grant is not earmarked for transmittal to any other entity or person, whether or not mentioned in Grantee's proposal or in any other communication with or from Arca. Rather, Grantee accepts and will discharge full control of the grant and its disposition and responsibility for complying with the Agreement terms and conditions.

(f) If this grant is restricted to a specific project, Grantee hereby reaffirms that the project's current budget, as previously submitted or explained to Arca, accurately reflects Grantee's present intentions to expend at least the amount of this grant (plus any other grant from Arca this year for the same project) on approved activities in Grantee's current fiscal year.

Grantee deposit, negotiation or endorsement of the enclosed check will constitute its agreement to the terms and conditions set forth above. In accordance with IRS requirements, please review and sign this agreement where indicated by an authorized officer of Grantee and return to us within 15 business days. Grantee must also send a letter on your letterhead acknowledging receipt of the grant check.

With our best wishes,

Donna F. Edwards

Donna F. Edwards
Executive Director

On behalf of the Grantee named above, I understand and agree to the foregoing terms and conditions of Arca's grant, and hereby certify my authority to execute this agreement on Grantee's behalf.

Signature: _____

Name: _____

(type or print)

Title: _____

Date: _____

Gene Lagimodiere
GENE LAGIMODIERE
President
6/18/02

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**LEAGUE OF CONSERVATION VOTERS
EDUCATION FUND**

February 28, 2007

**Ms. Donna F. Edwards
Executive Director
The Arca Foundation
1308 19th Street, NW
Washington, DC 20036**

Dear Donna,

Thank you for inviting a proposal from the League of Conservation Voters (LCV) Education Fund. We are grateful for the interest and support of the Arca Foundation.

The LCV Education Fund is submitting the enclosed proposal for our new initiative entitled, The Heat Is On: Presidential Primary Project, a public education campaign to raise the visibility of global warming as one of the most pressing issues facing national leaders. Our goal is to raise voter awareness about the global warming crisis to make candidates eager to address global warming solutions and create sound energy policies.

You know the stakes and urgency of the climate crisis. Without question, the next president of the United States will shape—for better or worse—humanity's prospects relative to global warming. This campaign is designed to enlighten and energize the dialogue between all the candidates, voters, donors, and the media on global warming. Our hope is that it will help create a transformational public mandate for the next president to lead with real solutions to the climate crisis, backed by an engaged and educated American electorate.

The Heat Is On was launched in 2006 and will run through the presidential primary process in 2008. We will work with our state league partners and Student Conservation Voters (SCV) chapters across the country. This timely project includes active engagement of SCV to organize young activists, volunteers, and voters in the early primary states of Iowa, New Hampshire, South Carolina and Nevada. The Arca Foundation's support will help us propel the student strategy for the Heat Is On campaign.

The total 2007 budget for The Heat Is On project is \$1.5 million. The LCV Education Fund respectfully requests a grant of \$50,000 from the Arca Foundation in 2007 in support of The Heat Is On.

Thank you for your consideration of this request. If you need anything, please call.

Warm regards,

**Gene Karpinski
President**

1980 L Street, NW
Suite 800
Washington, D.C.
20036
202-795-6750
Fax: 202-693-6481
E-mail: ed_lund@lcv.org
Web: www.lcvfund.org

THE LEAGUE OF CONSERVATION VOTERS EDUCATION FUND

THE HEAT IS ON: PRESIDENTIAL PRIMARY PROJECT

Summary of Proposal to the Arca Foundation

February 2007

The LCV Education Fund thanks the Arca Foundation for the general support grant of \$50,000 in 2006 to help us fulfill our mission. We respectfully request a grant of \$50,000 from the Arca Foundation for The Heat Is On Project.

PURPOSE

With the 2008 U.S. presidential primary now underway, we have a pivotal opportunity to ensure that the next president is strongly committed to solving global warming. For the first time since 1928, the presidential contest is without an incumbent U.S. president or vice president on the ticket of either major party. With no incumbent advantage, this election cycle will be unusually competitive, with many contenders from all major parties in the field. This provides a unique opportunity to generate a vigorous national debate on global warming.

To seize this opportunity, LCV Education Fund has initiated The Heat Is On: Presidential Primary Project, a public education campaign to raise the visibility of global warming as one of the most pressing issues facing national leaders. This grant would support our efforts to establish global warming as a top-tier priority for all of the 2008 presidential candidates and to motivate presidential primary candidates to raise the debate on global warming.

This campaign will capitalize on opportunities to educate and mobilize voters in the early primary states, donors in the "wealth primary," and journalists in the "media" primary to compel an honest and elevated public conversation with the candidates about global warming. The project was launched in 2006 and will run through the presidential primary process in 2008, working with our state league partners and Student Conservation Voters chapters across the country.

This timely project includes active engagement of Student Conservation Voters to organize young activists, volunteers, and voters in the early primary states of Iowa, New Hampshire, South Carolina and Nevada. The Arca Foundation's support will help us propel the student strategy for the Heat Is On campaign.

GOAL AND OBJECTIVES

Our goal is to raise voter awareness about the global warming crisis so that candidates are hearing from all societal levels that global warming is a priority issue in the eyes of Americans.

We plan to accomplish the following objectives in 2007:

- Develop the most effective messages to reach political reporters, opinion leaders, the public—particularly in early-voting states—and the candidates on global warming.
- Educate a pool of more than 100 political reporters nationally and an equivalent number of reporters covering the race in early voting states to make global warming a key issue for the media.
- Conduct outreach to and organize environmentally motivated political donors to engage candidates in a global warming discussion in the "wealth primary."
- Identify, educate and engage citizens, opinion-leaders and candidates in the key early voting states (IA, NH, SC and NV) about global warming.

The LCV Education Fund's approved 2007 organizational budget is \$5.1 million. We are grateful to the Arca Foundation, its board and staff, for consideration of this request.

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LEAGUE OF CONSERVATION VOTERS EDUCATION FUND

The Heat Is On: **Proposal to the Arca Foundation** **February 2007**

OVERVIEW

The investment of the Arca Foundation has been critical to the work of the League of Conservation Voters (LCV) Education Fund. In 2006, the foundation provided a general support grant of \$50,000 to help us fulfill our mission with special encouragement of our work to mobilize student participation through Project Democracy, now called Student Conservation Voters.

LCV Education Fund respectfully requests a grant of \$50,000 from the Arca Foundation in 2007 for our new initiative entitled, "The Heat Is On: Presidential Primary Project." This grant would support our efforts to establish global warming as a top-tier priority for all of the 2008 presidential candidates. This timely project includes active engagement of Student Conservation Voters to organize young activists, volunteers, and voters in the early primary states of Iowa, New Hampshire, South Carolina and Nevada. The Arca Foundation's support will help us propel the student strategy for The Heat Is On campaign.

STATEMENT OF PROBLEM

Global warming is rapidly escalating into the single greatest threat to the security of our nation and planet. There is now a clear scientific consensus on the human causes of global warming. James Hansen, head of NASA's Goddard Institute for Space Studies and one of the world's leading researchers on the issue, believes that the United States has just ten years to reduce greenhouse gas emissions before global warming reaches a "tipping point" and the worst effects are unavoidable. We have the policy models and technology to curtail emissions and mitigate the long-term impact of climate change. The challenge today is to galvanize the national leadership necessary to confront global warming on a scale equal to the danger.

THE HEAT IS ON: PROJECT DESCRIPTION

With the 2008 U.S. presidential primary now underway, we have a pivotal opportunity to ensure that the next president is strongly committed to solving global warming. For the first time since 1928, the presidential contest is wide open.¹ With no incumbent advantage, this election cycle will be unusually competitive, with many contenders from both major parties in the field. This provides a unique opportunity to generate a vigorous national debate on global warming.

¹ The 1928 presidential contest between Republican Herbert Hoover and Democrat Al Smith was the last election with no incumbent U.S. president or vice-president on the ticket of either major party.

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season, and the long run-up to the presidential primaries in 2008 offers numerous venues to reach individual citizens, candidates, and the reporters who cover them in face-to-face settings, such as living rooms, churches and other fellowship halls, college campuses, country diners, and community events. Moreover, with so many candidates involved in the race early on, it provides an opportunity to elevate the issue before the field narrows significantly.

Student Mobilization

This project is a prime opportunity to engage students in the democratic process and public debate about the future of our country. College students are well informed about and motivated by the challenge of global warming and we will actively recruit, deploy, and energize them as activists, volunteers, and voters in the Heat Is On project.

In 2004, with the support of the Arca Foundation, LCV Education Fund supported Project Democracy to organize students to mobilize their peers as citizens and participants in public policy. This new avenue for our civic participation efforts was a great success. We established 30 campus chapters, trained 350 young people, deployed issue canvassers and placed 200 students in summer jobs. The release of our comprehensive report, *Not Home, Not Welcome: Barriers to Student Voting*, attracted significant press attention. In all, Project Democracy organized more than 1,000 volunteers; registered 46,000 voters; and mobilized 97,000 students to vote—more than three times our original goal. With its campus chapters and national coordinating team, Project Democracy was a leader in a national coalition that helped increase the participation of young people to historic levels in 2004.²

In 2005-2006, Project Democracy worked with 15 campus chapters across the country. During the fall and spring semesters, Project Democracy students took part in an educational campaign that used a variety of tactics including trainings, letters-to-the-editor, tabling, and class presentations to raise the profile of energy and global warming on their campuses. This work was closely coordinated with other groups. (The Project Democracy Campus Coordinator sits on the steering committee of the Energy Action Coalition, the coalition that sets the course of the environmental movement on college campuses.) Project Democracy also held its first national training of the year in July for 24 students in Washington, DC. In September, Project Democracy hosted its second national training in Cambridge, MA for 45 students.

In the fall of 2006, LCV Education Fund worked to start new campus chapters to build on the nine that sustained activity through the summer of 2006. We opened new chapters at Duke University and the University of Central Florida and will continue to add chapters in 2007. Activities focused on voter registration and mobilization of fellow students through the remainder of 2006, registering over 9,000 students. Our work combined with other student groups paid off: young people across the nation voted at the highest numbers in at least twenty years for mid-term elections, and the activities held on campuses by student groups played a role in this increase. About 24 percent of Americans under the age of 30, or at least 10 million young

² While voter turnout for people under 25 still lags behind other age groups, the increase in turnout by the youngest voters was higher than any other age group between 2000 and 2004. The turnout rate among voters ages 18-24 jumped 11 points, from 36% to 47%, between 2000 and 2004. By comparison, overall voter turnout grew by about four points, from 60% to 64%. Center for Information & Research on Civic Learning & Engagement, May 2005.

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- Increased knowledge among candidates of the importance of implementing global warming solutions.

Objective 2

Educate a pool of more than 100 political reporters nationally and an equivalent number of reporters covering the race in early voting states to make global warming a key issue for the media.

Activities and Timeline:

- Develop a list of the key national political reporters. The state leagues will work with local partners to develop similar lists, particularly of the reporters following the candidates. (The national list will be completed in February 2007 and updates will be ongoing.) State leagues have robust state lists and are keeping track of political reporters traveling with the candidates as they are assigned. (Ongoing.)
- Brief state and national reporters on global warming politics, science, impacts and solutions, and saliency of the issue. (January – December 2007.)
- Work local and national press to ensure that every debate includes a properly framed question or two on global warming. (Ongoing.)
- Develop and distribute a bi-weekly newsletter tracking candidate statements (including video) on the issue, relevant news stories, upcoming candidates, and commentary. (Beginning in February 2007.)

Results/Outcomes:

- Generate at least 500 election-related news stories that discuss global warming.
- Establish global warming as a top-tier issue raised by reporters in conversations (public and private) with the presidential candidates.

Objective 3

Conduct outreach to and organize environmentally-motivated political donors to challenge candidates in the "wealth primary."

Activities and Timeline:

- Work with the California and New York State Leagues to develop a database of 400-500 individuals who have contributed to political campaigns in past cycles and who are motivated by environmental issues. (December 2006 – February 2007.)
- Establish a Presidential Global Warming Donor Network initially comprised of at least six bipartisan/multi-partisan co-chairs. (January – February 2007.)
- Hire high-level political consultants in California to conduct outreach to potential donors. (January – February 2007.)
- LCVEF, California LCV, and hired consultants will conduct ongoing outreach to build a network of more than 150 donors committed to publicly and privately stating that global warming is one of their top priorities. (February – December 2007.)
- Brief identified political and environmental donors about engaging in a discussion about global warming in all of their interactions with the candidates. (February – December 2007.)

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- Virtually every public candidate event in these key states will be asked about global warming. Candidate events will be recorded and posted on our website (www.heartison.org).
- Approximately 500 students and citizen volunteers will be recruited and trained in each state to build awareness in their communities.
- Up to 2,500 people will be educated at town hall meetings and motivated to get involved in the campaign.
- Generation of earned media coverage in local and state press.
- More than ten percent of likely NH primary voters (50,000) will be repeatedly contacted on the issue of global warming and motivated to make this a priority issue in deciding for whom they should vote.

EVALUATION

LCV Education Fund will measure the project's success by the following criteria:

- Extent to which global warming is featured in the presidential primaries, including media coverage, importance as a campaign topic, and levels of grassroots interest.
- Development and use of message research on energy and global warming in outreach and education efforts, including the use of state specific messages.
- Extent and significance of outreach to candidates and opinion leaders, including number and outcomes of candidate briefings, editorial meetings, and outreach to donors.
- Progress of student organizing, including integration of campus chapters as a recruitment source for volunteers participating in global warming campaign.
- Number of volunteers recruited and success of volunteer visibility efforts, including questioning candidates at events and forums, attendance at town hall meetings, debates, etc.
- Effectiveness of voter contact program in NH and whether environmental voters were motivated at a higher percentage to participate in the primary.
- Extent of collaboration with national, state and local partner organizations.
- Number of new online activists recruited and the depth of overall involvement of our on-line activists in the campaign.

This evaluation will be done both internally and by an outside consultant. We will hire the consultant to complete a formal evaluation within one month of the project's completion.

LCV EDUCATION FUND: BACKGROUND AND QUALIFICATIONS

LCV Education Fund's mission is to strengthen the capacity of the environmental movement, to mobilize citizens as informed voters and advocate for sound environmental policies. Founded in 1985 to provide research and training on environmental issues, LCV Education Fund launched our grassroots program in 1995 to energize and activate the movement's citizen support base at the state and local levels. Since then we have delivered valuable technology, organizing tools, and leadership skills training to hundreds of environmental and allied groups in more than two-dozen states. With our primary partners—the independent state league education funds—we have strengthened coalitions and leveraged environmental issues to engage millions of citizens in the democratic process, winning key policy victories at the state and national levels. We have

and statewide coalitions, issues and activists. Since 1999, we have worked with the Federation of State Conservation Voter Leagues, the umbrella organization of state leagues, to grow the number of 501(c)(3) state league education funds from 9 to 35. Previously, LCV Education Fund served as fiscal sponsor to the Federation; in 2005, following approval by both boards, we integrated Federation (c)(3) programs into our own. Today, we deliver vital capacity-building programs, including training and strategic planning, to our state league partners and closely coordinate our environmental issue and nonpartisan voter participation campaigns. The 35 state leagues provide the league movement with unmatched grassroots coverage in key states and presidential primary locations. Also, LCV Education Fund is among the few groups in the environmental community with the expertise in non-partisan microtargeting and voter contact. We will utilize our strengths in this area to develop a robust program that seeks to elevate awareness and increase voter participation among environmentally-minded voters.

FUNDING REQUEST

The 2007 organizational budget for the LCV Education Fund is \$5.1 million, including \$1.5 million for The Heat Is On project. Attached please find the line-item budget for The Heat Is On in 2007, along with other information requested by the Arca Foundation. LCV Education Fund is grateful to the Arca Foundation for its commitment to increasing civic participation, and we deeply appreciate your consideration of our grant request of \$50,000 to support our global warming project in 2007.

LIST OF ATTACHMENTS

- Short bios of project staff
- Board of Directors list, including affiliations
- List of past grants from the Arca Foundation to the LCV Education Fund
- List of grants received by LCV Education Fund for the current fiscal year
- Project budget for 2007 (and 2006)
- Organizational budgets for 2007 and 2006
- Project grants received in 2007
- Potential funding sources for project
- Completed lobbying expense certification
- IRS 501(c)(3) letter of determination

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**League Of Conservation Voters Education Fund
Key Staff Bios for The Heat Is On Project
February 2007**

Gene Karpinski – President. Gene Karpinski joined LCV/EF after serving for many years as a member of the LCV and LCVEF Boards of Directors and the LCV Political Committee. Prior to joining LCV/EF, Gene worked for 21 years as the Executive Director of the U.S. Public Interest Research Group (US PIRG), the national lobbying office for state PIRGs across the country, where he led many national environmental issue campaigns. Before his tenure at US PIRG, he was the field director for People for the American Way and Congress Watch, and Executive Director of the Colorado PIRG. He has served on the boards of Earth Share, the Partnership Project, the Beldon Fund, and the National Association for Public Interest Law.

Tony Massaro – LCV/EF Senior Vice President Political Affairs and Public Education. Tony Massaro joined LCV/EF in May 2005. Tony has over 25 years of experience in environmental politics, including work on over 100 campaigns in every capacity. Prior to joining LCV, he was the Executive Director of the state league Colorado Conservation Voters (CCV) for four years. In that capacity, Tony took CCV from a small PAC to a major organization among the state leagues. Tony was one of the architects of the bright spot in 2004 with the election of conservation candidates at all levels of office in Colorado. Under his direction, Colorado Conservation Voters grew from a political program of \$65,000 in the 2000 election cycle to \$600,000 in the 2004 election cycle. CCV now has added a c3, c4 and 527 to the PAC program. From 1992-2001, Tony ran a small environmental public affairs consulting company, Rocky Mountain Environmental Strategies. He worked on clean air, alternative energy, emerging technologies and political campaigns, including a Congressional race in Wisconsin and a couple of races in Michigan. From 1983-2001, Tony served Federico Peña in the Denver Mayor's Office as Director of Environmental Affairs and Political Director. He ran the field operations for Mayor Peña's election and re-election, as well as for several local initiatives, including two airport elections. One of Tony's first jobs in politics was running a statewide ballot initiative for a bottle bill in Colorado. At LCV, Tony is responsible for the political programs and strategy for electing conservation candidates. He is also in charge of the public education programs run by LCVEF.

Navin Nayak — Global Warming Project Director. As Director, Navin is responsible for all aspects of LCV's Global Warming Presidential Primary Project, targeting the 2008 presidential candidates. He plans and implements the campaign strategy, including message and material development, donor and media outreach, and grassroots organizing. Working closely with the relevant state leagues, Navin coordinates the project's work in early voting states. Navin has spent the last five years working on various environmental campaigns.

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LEAGUE OF CONSERVATION VOTERS EDUCATION FUND

BOARD OF DIRECTORS

Everett (Brownie) Carson
Executive Director, Natural Resources Council of Maine, Augusta, ME.

Donna F. Edwards
Executive Director, The Arca Foundation, Washington, DC.

Tom Klernan, Treasurer
President, National Parks Conservation Association, Washington, DC.

Michael Kleschnick
President and COO, Working Assets, San Francisco, CA.

Winsome Dunn McIntosh
President, Rachel's Network, Washington, DC.

Lana Pollack, Vice-Chair
President, Michigan Environmental Council, Lansing, MI.

Bill Roberts, Chair
Executive Director, Beldon Fund, New York, NY.

Donald K. Ross
Rockefeller Family & Associates, New York, NY.

Rodger O. Schlickelsen
President, Defenders of Wildlife, Washington, DC.

Laura Turner Seydel
Turner Foundation, Atlanta, GA.

Peggy Shepard
Executive Director, West Harlem Environmental Action, Inc. (WE ACT), New York, NY.

Ed Zuckerman, Secretary
Executive Director, Federation of State Conservation Voter Leagues, Seattle, WA.

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LEAGUE OF CONSERVATION VOTERS EDUCATION FUND

Past Grant Awards from the Area Foundation

Year	Amount	Project Name
1998	\$50,000	Campaign Finance Reform
2004	\$50,000	Project Democracy
2006	\$50,000	General support

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**League of Conservation Voters Education Fund
Prepared February 28, 2007 for the Arca Foundation**

All Grants Received for Fiscal Year 2007

Source	Grant Amount	Project Name
2032 Trust	\$78,985	Federation of State Conservation Voter Leagues
Anonymous (2007 portion of 3-year grant)	\$250,000	Global warming/The Heat Is On
Adirondack Community Trust	\$1,500	General support
Beldon Fund	\$400,000	General support
Beldon Fund	\$225,000	Federation Project
Mark and Sharon Bloome Fund (at the Tides Foundation)	\$25,000	General support
Brico Fund	\$18,000	General support
Brico Fund	\$15,000	Federation of State Conservation Voter Leagues
Changing Horizons Fund of the Rockefeller Family Fund	\$300,000	Federation Project
Bernard F. and Alva B. Gimbel Foundation	\$50,000	General support
The Henry Foundation	\$5,000	General support
Landman Family Charitable Foundation	\$1,000	General support
Loewy Family Fund of The Denver Foundation	\$5,000	General support
Marjels Foundation	\$25,000	Global warming/The Heat Is On
The McIntosh Foundation	\$5,000	General support
The John Merck Fund	\$80,000	Global warming/The Heat Is On
The New-Land Foundation	\$10,000	General support
The Partnership Project	\$10,000	General support
The Pew Charitable Trusts (2007 portion of grant)	\$220,000	Global warming/The Heat Is On
Swanee Hunt Family Foundation	\$15,000	Professional staff development
Tortuga Foundation	\$30,000	General support
Turner Foundation	\$150,000	Global warming/The Heat Is On
Turner Foundation	\$150,000	Environmental Leadership Institute
Wilburforce Foundation	\$4,500	General support (discretionary grant)
Wilburforce Foundation	\$300,000	Federation Project
The Wiseman Group Interior Design, Inc.	\$1,000	General support
Working Assets	\$1,915	General support
Wyss Foundation	\$200,000	Federation Project
*Small grants and gifts from individuals to LCV Education Fund	<u>\$280,000</u>	
TOTAL	\$2,816,900	

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**LCV Education Fund
Heat is On Campaign
Project Budget**

Expense	Description			TOTAL
National Staff	Position	% Time	01/07-12/07	Sal @ % Time
	President	20%	\$218,750	\$43,750
	Senior VP Program	30%	170,000	51,000
	Project Director	100%	68,750	68,750
	Deputy Director/Circuit Rider	100%	75,000	75,000
	Development Director	30%	168,125	47,438
	Director State Outreach	10%	108,500	10,850
	Communications Director	20%	137,500	27,500
	Communications Associate	30%	88,750	17,225
	General Counsel	20%	143,750	28,750
	VP Finance & Administration	20%	131,250	26,250
	Legislative Director	10%	97,500	9,750
	Campaigns Director	20%	98,000	19,600
	Education Programs Manager	30%	42,500	12,750
	Campaigns Associate	30%	42,500	12,750
	SCV Director	25%	46,250	11,563
	Project Intern	100%	14,700	14,700
Subtotal:	* Includes 20% for benefits		\$1,608,825	\$477,425
Travel	Based on average of 30 trips/year (2/month) @ \$980/trip		\$30,600	\$30,600
Website	Based on \$18K for development and design plus \$1,750K/month for hosting. Estimate of \$18,000 for marketing and on-line campaigns		51,000	51,000
Materials	Design and production of a brochure, one-pager, other materials. Based on estimate of \$10K for all design, \$5K for printing/state		35,000	35,000
Postage/Shipping	Based on \$300/month		3,600	3,600
Telephone	Based on estimate monthly average of \$730		8,760	8,760
Supplies	Based on monthly average of \$450/month		5,400	5,400
Subscriptions	Based on pro-rated share for Linda/Naama, Roll Call, Charlie Cook, etc		9,800	9,800
Rent & Utilities	Pro-rated share of office space for dedicated staff @ 14,000/month		110,000	110,000
State Inaugures	Full-time staff in each of 4 states	100	200,000	200,000
	California doing donor outreach	100	80,000	80,000
Visibility Materials	T-shirts, banners, pens, buttons, flyers, lawn signs, etc. Based on estimate of 10K/state + \$K nationally + \$K for design		50,000	50,000
Town Hall Events	Estimated costs of 8 town hall meetings (2/state) @ \$5,000/meet		40,000	40,000
Videos of Opinion Leaders	4 Videos—National, IA, NH, and SC \$10,000K/state		40,000	40,000
Media	Working with consultants to generate earned media: radio tours, talk shows, etc.		30,000	30,000
Video Cameras	Digital video camera for each state to record candidates, etc		6,000	6,000
Microtargeting	Estimate of \$4/voter (for 8 contacts). Based on targeting 80,000 voters, and voter id cost of 100K		300,000	300,000
Project Evaluation	Hiring consultants to evaluate project		50,000	50,000
Subtotal:				\$1,869,080
TOTAL:				\$1,827,495

**League of Conservation Voters Education Fund
2007 DRAFT Operating Budget**

**2007 Operating
Budget**

Income

Foundation Grants	2,000,000
Corporate/Individual Contributions	1,210,500
Workplace Giving	15,000
Federation Overhead Income	45,000
Interest Income	30,000
Federation Income	1,825,000
Rental Income	24,000
Total 2006 Income	5,149,500

Expenses

Salary & Benefits	\$1,011,307
Consultants	40,600
Heat Is On (Public Education Campaigns)	467,800
Project Democracy (Student Outreach)	61,500
Capacity Building (Training Programs)	2,119,800
Program Grants	900,000
Staff Travel	32,000
Subscriptions & Dues	9,330
Staff Development	5,000
Technology Services	96,426
Supplies	9,195
Postage	24,004
Printing	13,224
Phone	22,112
Rent	210,818
Legal Consulting	19,000
Audit and Accounting	30,720
D & O Insurance	8,326
Board Expense	16,700
Depreciation Expense	10,397
Total Expenses	\$5,108,259
Net Income/Loss	\$41,241

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**League of Conservation Voters Education Fund
2006 DRAFT Operating Budget**

**2006 Operating
Budget**

Income

Foundation Grants	2,029,850
Corporate/Individual Contributions	1,219,000
List Enhancement & List Sales	1,500
Workplace Giving	11,000
Federation Overhead Income	45,000
Interest Income	28,145
Federation Income	1,681,181
Rental Income	21,500
Total 2006 Income	5,035,156

Expenses

Salary & Benefits	\$1,232,418
Consultants	126,845
Heat Is On (Public Education Campaigns)	254,887
Project Democracy (Student Outreach)	140,000
Capacity Building (Training Programs)	1,979,012
Program Grants	1,100,000
Staff Travel	34,100
Subscriptions & Dues	20,630
Staff Development	4,685
Technology Services	85,277
Supplies	20,512
Postage	3,000
Printing	1,000
Phone	18,436
Rent	201,274
Legal Consulting	5,000
Audit and Accounting	14,137
D & O Insurance	8,300
Board Expense	11,368
Depreciation Expense	20,500
Total Expenses	\$5,277,381
Net Income/Loss	(\$242,225)

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**League of Conservation Voters Education Fund
Prepared February 28, 2007 for the Arca Foundation**

Grants Received in Fiscal Year 2007 for The Heat is On

Source	Grant Amount
Anonymous (2007 portion of 3-year grant)	\$250,000
Marisa Foundation	\$25,000
The John Merck Fund	\$60,000
Pew Charitable Trusts (2007 portion of 16-month grant)	\$220,000
TOTAL	\$555,000

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**League of Conservation Voters Education Fund
Prepared February 28, 2007 for the Arca Foundation**

Potential Funding Sources for The Heat Is On

Source	Contact Person	Grant Amount Requested
Arca Foundation	Donna Edwards	\$50,000
Belvue Fund (Tides Foundation)	Frank Smith	\$75,000
The New York Community Trust	Patricia Jenny	\$75,000
Oak Foundation	Leslie Harroun	\$200,000
Rockefeller Family Fund	Larry Shapiro	\$50,000
TOTAL		\$450,000

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LEAGUE OF CONSERVATION VOTERS EDUCATION FUND

LOBBYING EXPENDITURE CERTIFICATION

No funds provided for the project are intended to be used to carry on propaganda or otherwise to attempt to influence legislation, including direct and grassroots lobbying communications as defined in §56-4911-2 of the Internal Revenue Regulations.

BGM (officer initials)

Signature: *BGM*

Date: 2-28-87

Print Name: Barbara G. McInish

Title: General Counsel

29044222901

Internal Revenue Service

Department of the Treasury

**P. O. Box 2508
Cincinnati, OH 45201**

Date: January 2, 2001

**Person to Contact:
Trish Rothgeb 31-07210
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 8:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:**

**League of Conservation Voters Education Fund
1920 L Street NW Suite 800
Washington, DC 20036-5045**

Dear Sir or Madam:

This letter is in response to your request dated October 30, 2000 for a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in March 1985, granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2108, and 2522 of the Code.

League of Conservation Voters Education Fund

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. If your organization had a copy of its application for recognition of exemption on July 15, 1987, it is also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

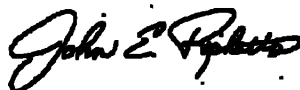
Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Also, the name and address change shown above has been updated in our records.

This letter affirms your organization's exempt status.

Sincerely,



John E. Ricketts, Director, TE/GE
Customer Account Services

MEMORANDUM

To: The File
From: Beverly Halton
Office/Personnel Manager
Subj: Donna F. Edwards
Leave of Absence
Date: May 23, 2006

On June 8, 2006, Donna F. Edwards will take a leave of absence from The Arca Foundation. This leave of absence will continue through the date of September 15, 2006.

Also, Donna F. Edwards will continue as Executive Director in the capacity of finalizing the oversight of her duties. Donna F. Edwards will from time to time perform those duties as needed by The Arca Foundation.

Personnel Changes as Follows:

1. There will be no change in medical benefits – Donna F. Edwards will keep all medical benefits during this time frame; core benefits include medical, prescription, dental, eye coverage and including dependent coverage.
2. All vacation leave accrual will stop until such time this leave of absence is no longer affective.
3. Pension Contribution will reflect 1st Quarter and 2nd Quarter contribution only until such time leave of absence is no longer affective.
4. For payroll purposes – Donna F. Edwards has accrued the following:
Pay period ending May 31, 2006 – full pay.
Vacation Accrual and payout as of May 31, 2006, equal 109.96 hours.
Compensation for time – a period owed of 8-days.

The abovementioned is true and factual.

(B)

MEMORANDUM

To: The File
From: Beverly Halton
Administrator
Subj: Donna F. Edwards
Leave of Absence
Date: August 31, 2007

Effective August 31, 2007, Donna F. Edwards will take a leave of absence from The Arca Foundation. This leave of absence will continue through the date of February 15, 2008.

Per agreement with The Arca Foundation, Donna F. Edwards will continue as Executive Director, performing such duties from time-to-time not to exceed 20 percent of her time during this period for which she will be compensated on a pro-rata basis of her full-time salary.

Personnel Changes as Follows:

1. There will be no change in medical benefits – Donna F. Edwards will keep all medical benefits during this leave of absence; core benefits include medical, prescription, dental, eye coverage and to include all dependent coverage.
2. Donna F. Edwards will receive payout of all accrual of vacation hours up to/and including the date of August 31, 2007, (payment of accumulation of 195.80 hours.) All vacation leave accrual will continue as before/and stated-6.66 hours per pay period.
3. Arca Pension Contribution will reflect 1st Quarter, 2nd Quarter, 3rd Quarter, and 4th Quarter contributions for year 2007, (3rd and 4th Quarter contributions will reflect a pro-rata determination). Arca Pension Contribution will continue to include a period for leave of absence for 1st Quarter for year 2008, at a pro-rata amount until such leave of absence is no longer effective.
4. For payroll purposes – Donna F. Edwards has accrued the following:
Pay period ending September 15, 2007 – full pay.
Vacation Accrual and payout as of August 31, 2007.